

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ADP-00 AGR-20 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 INT-08 TAR-02 L-03 H-03 DODE-00 PA-03 USIA-15

PRS-01 RSR-01 /176 W

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R 200855Z JUL 73

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6745

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E.O. 11652: N/A

TAGS: EAGR, RP

SUBJECT: PHILIPPINE REACTION TO U.S. AGRICULTURAL
EXPORT POLICY MOVES

REF: STATE 135419

1. GOP OFFICIALS HAVE BEEN PREOCCUPIED WITH SERIOUS RICE
SUPPLY PROBLEM (MANILA 8019) AND HAVE MADE CLEAR THEIR
CONCERN ABOUT ADEQUACY OF WHEAT IMPORTS ESPECIALLY IN
SEPTEMBER-OCTOBER PERIOD. OFFICIALS ARE FULLY AWARE
THERE IS NO POSSIBILITY OF OBTAINING RICE FROM U.S.
DURING PERIOD OF SHORTAGE IN PHILIPPINES BEFORE MAJOR
HARVEST BEGINS IN OCTOBER. NEED FOR ADEQUATE WHEAT
PRODUCTS IN MARKET AS SUBSTITUTE FOR RICE MAY OCCASION
ADDITIONAL PURCHASES OF U.S. WHEAT UNDER CCC
FOR SHIPMENT IN LATE AUGUST OR SEPTEMBER. ASSURANCE OF THIS SUPPLY
AND AVAILABILITY OF CCC CREDIT WILL BE OF GREATEST
IMPORTANCE TO GOP.

2. GOP HAS NOT YET TAKEN ANY ACTION NOR MADE ANY CHANGE
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IN AGRICULTURAL OR TRADE POLICY AS RESULT OF CURRENT

EXPORT CONTROLS AND MONITORING. PRIVATE IMPORTERS ARE SEARCHING FOR ALTERNATIVE SOURCES OF SUPPLIES WITH LITTLE SUCCESS THUS FAR. THEY HAVE NOT YET TAKEN ANY GROUP ACTION BUT CAN BE EXPECTED TO SEEK GOVERNMENT ASSISTANCE IF EXPORT CONTROLS ARE EXTENDED FOR LONG PERIOD OF TIME.

3. RESPONSIBLE GOP OFFICIALS HAVE EXPRESSED INTEREST IN PROCEEDING WITH TITLE I PL 480 NEGOTIATIONS. RAW COTTON AND CORN ARE ONLY COMMODITIES NOW PROPOSED TO BE COVERED BY FY 1974 AGREEMENT. COTTON SUPPLIES ARE TIGHT AND MILLS ARE SEEKING ASSURANCE OF FUTURE SUPPLIES. REQUIREMENT FOR CORN MAY BE POSTPONED UNTIL EARLY PART OF 1974 IN VIEW OF RECENT PURCHASE OF 80,000 MT FROM THAILAND AND REPORTED PROSPECTS FOR BUMPER CROP IN MINDANAO. GOP IS REASSESSING REQUIREMENTS FOR TITLE I CORN WHICH MAY BE CLOSER TO 100,000 MT THAN 150,000 MT CURRENTLY IN NEGOTIATING INSTRUCTIONS FOR FY 1974 AGREEMENT.

4. AMONG COMMODITIES CURRENTLY UNDER US EXPORT CONTROLS, SOYBEAN MEAL, MEAT MEAL AND TALLOW ARE MOST IMPORTANT TO THE PHILIPPINES. FEED MILLS WERE CAUGHT WITH VERY LOW STOCKS, SUFFICIENT ONLY UNTIL EARLY SEPTEMBER. ONE MILL HAS A SIGNED CONTRACT FOR DELIVERY BETWEEN NOW AND OCTOBER 15, AND IS SEEKING LICENSE TO SHIP 40 PERCENT OF THE CONTRACTED AMOUNT. MILLS ARE LOOKING FOR SUBSTITUTE FOR SOYBEAN MEAL BUT SIGNIFICANT SUPPLIES HAVE NOT BEEN FOUND. MEAT MEAL, WHICH HAS BEEN IMPORTED MAINLY FROM AUSTRALIA AND NEW ZEALAND WITH SOME FROM THE UNITED STATES, IS EXTREMELY HARD TO FIND.

5. SOAP MANUFACTURERS HAVE ENOUGH TALLOW UNTIL END OF SEPTEMBER. SUPPLIES COME HALF FROM US AND HALF FROM AUSTRALIA AND LATTER SOURCE STILL AVAILABLE FOR PURCHASES BUT PRICES HAVE GONE UP SHARPLY SINCE U.S. EXPORT BAN.

6. LOOKING TO FUTURE, GENERAL RESTRICTIONS NOW IMPOSED ON OILSEEDS AND PRODUCTS SHOULD RESULT IN LIMITED OFFICIAL USE

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INCREASED DEMAND FOR PHILIPPINE COCONUT OIL, BOTH DOMESTICALLY AND WORLDWIDE. SINCE SUPPLIES ARE EXPECTED TO DECLINE DURING NEXT FEW MONTHS, GOP MAY MOVE TO REGULATE COCONUT OIL AND COPRA TRADING.
HAMILTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL POLICIES, EXPORT CONTROLS, PL 480 TITLE 1, AGRICULTURAL AGREEMENTS, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA08301
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730720/aaaaaasm.tel
Line Count: 112
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 STATE 135419
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 06 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <06-Aug-2001 by kelleyw0>; APPROVED <13-Aug-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PHILIPPINE REACTION TO U.S. AGRICULTURAL EXPORT POLICY MOVES
TAGS: EAGR, RP, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005